

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF TAYLOR COUNTY RURAL)	
ELECTRIC COOPERATIVE CORPORATION TO)	CASE NO. 92-080
ADJUST ELECTRIC RATES)	

O R D E R

IT IS ORDERED that Taylor County Rural Electric Cooperative Corporation ("Taylor County") shall file an original and 12 copies of the following information with the Commission, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. The information requested herein is due no later than April 23, 1992.

1. Provide the detailed workpapers, showing calculations supporting all accounting, pro forma, end-of-period, and proposed adjustments, in the rate application to revenue, expense,

investment, and reserve accounts for the test year. Include a complete detailed narrative explanation of each adjustment including the reason why each adjustment is required. Provide copies of any documentation which supports an adjustment. Explain in detail all components used in each calculation including the methodology employed and all assumptions applied in the derivation of each adjustment. Index each calculation to the accounting, pro forma, end-of-period, and proposed adjustment which it supports.

2. Provide in comparative form, a detailed income statement, a statement of cash flows, and a balance sheet for the test year and the 12-month period immediately preceding the test year.

3. Provide Taylor County's rate of return on net investment rate base for the test year and 5 preceding calendar years. Include data used to calculate each return.

4. Provide Taylor County's times interest earned ratio and debt service coverage ratio, as calculated by the Rural Electrification Administration ("REA"), for the test year and the 5 preceding calendar years. Include the data used to calculate each ratio.

5. Provide a copy of the most recent publication of the Borrower Statistical Profile for the utility published by the REA. Include a detailed narrative explanation of any action taken by Taylor County's management, its board of directors, or REA, based on the results of this data.

6. Provide a copy of Kentucky's Electric Cooperatives Operating Expense and Statistical Comparisons for the most recent 2 years available.

7. Provide a schedule, as shown in Format 7, showing a comparison of the balances for each balance sheet account or subaccount included in Taylor County's chart of accounts, for each month of the test year to the same month of the preceding year.

8. Provide a schedule, as shown in Format 7, showing a comparison of each income statement account or subaccount included in Taylor County's chart of accounts, for each month of the test year to the same month of the preceding year. The amounts should reflect the income or expense activity of that month, rather than the cumulative balances as of the end of the particular month.

9. Provide a copy of the auditor's report from Taylor County's most recent audit.

10. Provide a copy of the current bylaws. Indicate any changes made to the bylaws since the year utilized as the test period in Taylor County's last rate case.

11. Provide a copy of Taylor County's equity management plan. Indicate when the current plan was adopted and identify any changes made in the plan during the test year. Provide a 5-year analysis of the amount of capital credits refunded to members under the plan and indicate the amount related to general retirements and/or special retirements (i.e., estates of deceased patrons).

12. Provide a copy of the policies of Taylor County specifying the compensation of its attorneys, auditors, or other

professional services. Include a schedule of fees, per diems, and other compensation in effect during the test year. Include copies of any agreements, contracts, memoranda of understanding, or other documentation which explain the nature and types of reimbursements paid for professional services. Indicate if any changes occurred during the test year, the effective date of the changes, and the reason for the changes.

13. Provide a copy of the policies of Taylor County specifying the compensation of directors and a schedule of standard director's fees, per diems, and other compensation in effect during the test year. If changes occurred during the test year, indicate the effective date and the reason for the changes.

14. Provide the date, time, and a general description of the activities at the most recent annual members' meeting. Indicate the number of new board members elected. For the most recent meeting and the 5 previous annual members' meetings, provide the number of members in attendance, the number of members voting for new board members, and the total cost of the annual meeting.

15. Provide the following where not previously included in the record:

a. A schedule of the present and proposed rates, charges, terms and conditions, and service rates and regulations which Taylor County seeks to change, shown in comparative form.

b. A detailed analysis of customers' bills, adjusted to actual usage and in such detail that the revenues from the present and proposed rates can be readily determined.

c. A schedule of test-year revenues for each rate schedule per book rates, present rates annualized, and proposed rates annualized.

d. A schedule setting forth the effect upon average consumer bills.

e. A statement setting forth estimates of the effect that the new rate or rates will have upon the revenues of Taylor County, the total amount of money resulting from the increase or decrease, and the percentage increase or decrease.

f. A schedule showing by customer class (i.e., residential, commercial, industrial, etc.) the amount and percent of any proposed increase or decrease in revenue distributed to each class. This schedule is to be accompanied by a statement which explains, in detail, the methodology or basis used to allocate the requested increase or decrease in revenue to each of the respective customer classes.

g. A schedule showing how the increase or decrease in (f) above was further distributed to each rate charge (i.e., customer or facility charge, KWH charge, etc.). This schedule is to be accompanied by a statement which explains, in detail, the methodology or basis used to allocate the increase or decrease.

h. A statement showing, by cross-outs and italicized inserts, all proposed changes in rates, charges, terms and conditions, and service rules and regulations for each rate or charge. A copy of current tariff may be used.

16. Provide an explanation showing how the test year capitalization rate was determined. If differing rates were used for

specific expenses (i.e., payroll, transportation clearing accounts, depreciation, etc.), indicate the rate and how it was determined. Indicate any changes proposed to the test-year capitalization rate and how the change was determined.

17. Provide a schedule of salaries and wages for the test year and each of the 3 calendar years preceding the test year as shown in Format 17, attached. For each time period, provide the amount of overtime pay.

18. Provide the following payroll information for each employee:

a. The actual regular hours worked during the test year.

b. The actual overtime hours worked during the test year.

c. The test-year-end wage rate for each employee and the date of the last increase.

d. A calculation of the percent of increase granted during the test year.

The information shall identify all the employees as either salaried or hourly, and also as either full-time, part-time, or temporary. Employee numbers or other identifiers may be used instead of employee names. Include an explanation of how the overtime pay rate is determined. All employees terminated during the test year shall be identified (along with the month in which the termination occurred), as well as those employees who replaced terminated employees or were otherwise added to the payroll during

the test year. If Taylor County has more than 100 employees, the above information may be provided by employee classification.

19. Provide the following payroll tax information:

a. The base wages and salaries used to calculate the taxes, with an explanation of how the base wages and salaries were determined.

b. The tax rates in effect at test-year end.

20. Provide a schedule of all employee benefits available to Taylor County's employees. Include the number of employees at test-year end covered under each benefit, the test-year-end actual cost of each benefit, the amount of the cost capitalized, the amount of the cost expensed, and the account numbers in which the capitalized or expensed costs were recorded.

21. Provide a detailed analysis of advertising expenditures during the test year. This analysis shall include a breakdown of Account No. 913, Advertising Expenses, as shown in Format 21 attached, and shall also show any advertising expenditures included in other expense accounts. This analysis shall be specific as to the purpose and expected benefit of each expenditure.

22. Provide an analysis of Account No. 930, Miscellaneous General Expenses, for the test year. This shall include a complete breakdown of this account as shown in Format 22 attached. Include all detailed workpapers supporting this analysis. At a minimum, the workpapers shall show the date, vendor, reference (i.e., voucher no., etc.), dollar amount, and a brief description of each expenditure. Detailed analysis is not required for

amounts of less than \$100 provided the items are grouped by classes as shown in Format 22.

23. Provide the name and address of each member of Taylor County's board of directors, along with his or her personal mailing address. Indicate the member or members who represent the cooperative on the board of directors of Taylor County's generating cooperative. If during the course of these proceedings any changes occur in board membership, provide an update to this request.

24. Provide a detailed analysis of the total compensation paid to each member of the board of directors during the test year including all fees, fringe benefits, and expenses, with a description of the type of meetings, seminars, etc. attended by each member. Identify any compensation paid to Taylor County's board members who serve on the generating cooperative's board of directors, relating to his or her service on that board. Indicate whether any of the listed expenses in this analysis include the costs for the director's spouse. Expenses for director's spouses shall be listed separately.

25. Provide a detailed analysis of expenses incurred during the test year for professional services, as shown in Format 25, attached. Include all detailed workpapers supporting this analysis. At a minimum, the workpapers shall show the payee, dollar amount, reference (i.e., voucher no., etc.), account charged, hourly rates and time charged to the utility according to each invoice, and a brief description of the service provided. Identify all rate case work by case number.

26. Provide the following information concerning the costs for the preparation of this case:

a. For the costs incurred to date, provide a detailed schedule of these expenditures. At a minimum, the schedule shall include the date of the transaction, check number or other document reference, the vendor, amount, a description of the services performed, and the account number in which the expenditure was recorded. Indicate any costs incurred for this case during the test year. Include copies of invoices received from the vendors.

b. Provide an itemized estimate of the total cost to be incurred. Include a detailed explanation of how the estimate was determined, along with all supporting workpapers and calculations.

c. During the course of this proceeding, provide monthly updates of the actual costs incurred, in the manner requested in (a) above.

27. Provide the estimated dates for draw downs of unadvanced loan funds at test-year-end and the proposed uses of these funds.

28. Indicate whether Taylor County follows the depreciation rates and procedures as described in REA Bulletin 183-1.

29. Indicate whether Taylor County has proposed any changes in depreciation rates.

30. Provide information for plotting the depreciation guideline curves in accordance with REA Bulletin 183-1, as shown in Format 30, attached.

31. Provide a list of depreciation expenses, using Format 31, attached.

32. Provide a detailed analysis of contributions for charitable and political purposes (in cash or services). The analysis shall indicate the amount of the expenditure, the recipient of the contribution, and the specific account charged.

33. Provide the most recent embedded cost-of-service study performed by or for Taylor County. Include all supporting documentation.

Done at Frankfort, Kentucky, this 31st day of March, 1992.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

Case No. 92-080

COMPARISON OF TEST YEAR ACCOUNT BALANCES
WITH THOSE OF THE PRECEDING YEAR

<u>Account Title and</u> <u>Account Number</u>	<u>1st</u> <u>Month</u>	<u>2nd</u> <u>Month</u>	<u>3rd</u> <u>Month</u>	<u>4th</u> <u>Month</u>	<u>5th</u> <u>Month</u>	<u>6th</u> <u>Month</u>	<u>7th</u> <u>Month</u>	<u>8th</u> <u>Month</u>	<u>9th</u> <u>Month</u>	<u>10th</u> <u>Month</u>	<u>11th</u> <u>Month</u>	<u>12th</u> <u>Month</u>	<u>Total</u>
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Test Year
Prior Year
Increase
(Decrease)

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

Case No. 92-080

ANALYSIS OF SALARIES AND WAGES

For the Calendar Years 19 Through 19
And the 12-Month Period Ending _____

(000's)

Line No.	Item (a)	12 Months Ended							
		Calendar years Prior to Test Year							
		3rd		2nd		1st		Test Year	
		Amount	%	Amount	%	Amount	%	Amount	%
		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1.	Wages charged to expense:								
2.	Power production expense								
3.	Transmission expenses								
4.	Distribution expenses								
5.	Customer accounts expense								
6.	Sales expenses								
7.	Administrative and general expenses:								
	(a) Administrative and general salaries								
	(b) Office supplies and expense								
	(c) Administrative expense transferred-cr.								
	(d) Outside services employed								
	(e) Property insurance								
	(f) Injuries and damages								

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

Case No. 92-080

ANALYSIS OF SALARIES AND WAGES

For the Calendar Years 19 Through 19
And the 12-Month Period Ending _____

(000's)

Line No.	Item (a)	12 Months Ended							
		Calendar years Prior to Test Year							
		3rd		2nd		1st		Test Year	
		Amount	%	Amount	%	Amount	%	Amount	%
		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
7.	Administrative and general expenses (continued):								
	(g) Employees pensions and benefits								
	(h) Franchise requirements								
	(i) Regulatory commission expenses								
	(j) Duplicate charges-cr.								
	(k) Miscellaneous general expense								
	(l) Maintenance of general plant								
8.	Total administrative and general expenses L7(a) through L7(l)								
9.	Total salaries and wages charged expense (L2 through L6 + L8)								
10.	Wages capitalized								
11.	Total Salaries and wages								

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

Case No. 92-080

ANALYSIS OF SALARIES AND WAGES

For the Calendar Years 19 Through 19
And the 12-Month Period Ending _____

(000's)

Line No.	Item (a)	12 Months Ended							
		Calendar years Prior to Test Year							
		3rd		2nd		1st		Test Year	
		Amount	%	Amount	%	Amount	%	Amount	%
		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
12.	Ratio of salaries and wages charged expense to total wages (L9 : L11)								
13.	Ratio of salaries and wages capitalized to total wages (L10 - L11)								

NOTE: Show percent increase of each year over the prior year in Columns (c), (e), (g), (i), (k), and (m).

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

Case No. 92-080

ACCOUNT 913 - ADVERTISING EXPENSE

For the 12 Months Ended

(Total Company)

<u>Line No</u>	<u>Item</u>	<u>Sales or Promotional Advertising</u>	<u>Institutional Advertising</u>	<u>Conservation Advertising</u>	<u>Rate Case</u>	<u>Other</u>	<u>Total</u>
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1.	Newspaper						
2.	Magazines and Other						
3.	Television						
4.	Radio						
5.	Direct Mail						
6.	Sales Aids						
7.	Total						
8.	Amount Assigned to Ky. Retail						

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

Case No. 92-080

ACCOUNT 930 - MISCELLANEOUS EXPENSES

For the 12 Months Ended

<u>Line</u> <u>No.</u>	<u>Item</u> <u>(a)</u>	<u>Amount</u> <u>(b)</u>
1.	Industry Association Dues	
2.	Institutional Advertising	
3.	Conservation Advertising	
4.	Rate Department Load Studies	
5.	Water, and Other Testing and Research	
6.	Directors' Fees and Expenses	
7.	Dues and Subscriptions	
8.	Miscellaneous	
9.	Total	

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

Case No. 92-080

Professional Service Expenses

For the 12 Months Ended

<u>Line No.</u>	<u>Item</u>	<u>Rate Case</u>	<u>Annual Audit</u>	<u>Other</u>	<u>Total</u>
1.	Legal				
2.	Engineering				
3.	Accounting				
4.	Other				
5.	Total				

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATIONS

Case No. 92-080

DATA FOR
DEPRECIATION GUIDELINE CURVE
REA BULLETIN 183-1

<u>Test Year Ended May 31, 1986</u>	<u>Distribution Plant in Service</u> (1)	<u>Accumulated Provision for Depreciation Distribution Plant</u> (2)	<u>Reserve Ratio</u> (3)=(2)- (1)	<u>Ratio of Current Distribution Plant to Distribution Plant Ten Years Prior</u>
19				19
19				19
19				19
19				19
19				19
19				
19				
19				
19				
19				

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

Case No. 92-080

Depreciation Expenses

<u>Account No.</u>	<u>Item</u>	(End of Test Year) <u>Plant Account Balance</u>	<u>Depreciation Rate</u>	<u>Annual Depreciation</u>
<u>TRANSMISSION PLANT</u>				
350000	Land & Land Rights			
355000	Poles & Fixtures			
356000	O/H Conduct. & Devices			
<u>DISTRIBUTION PLANT</u>				
360000	Land & Land Rights			
362000	Station Equipment			
364000	Poles, Towers, Fixtures			
365000	O/H Conduct. & Devices			
366000	Underground Conduit			
367000	U/G Conduct. & Devices			
368000	Line Transformers			
369000	Services			
370000	Meters			
371000	Install. on Cust. Premises			
372000	Leased Prop. on Cust. Prem.			
373000	St. Light & Sign Systems			
<u>GENERAL PLANT</u>				
389000	Land & Land Rights			
390000	Structures & Improvements			
391000	Office Furn. & Equipment			
391100	IBM 5251 Display Stations			
392000	Transportation Equip.			
393000	Stores Equipment			
394000	Tools, Shop, Garage Equip.			
395000	Laboratory Equipment			
396000	Power Operated Equipment			
397000	Communications Equipment			
398000	Miscellaneous Equipment			